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Barriers to Labour Mobility in Canada: Survey-based Evidence

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Barriers to Labour Mobility in Canada: Survey-based Evidence

by René Morissette, Social Analysis and Modelling Division

In 2016, the majority of unemployed individuals indicated that they would not move to another province or elsewhere in their province for a job offer. The study finds that the main reasons are the desire to stay close to family and friends, or to take care of relatives, or that the spouse or children would not want to move. The study highlights that social considerations as well as economic ones matter in Canadians' decisions to relocate for employment. The data come from the 2016 General Social Survey and pertain to unemployed individuals aged 15 to 64 who are not students.

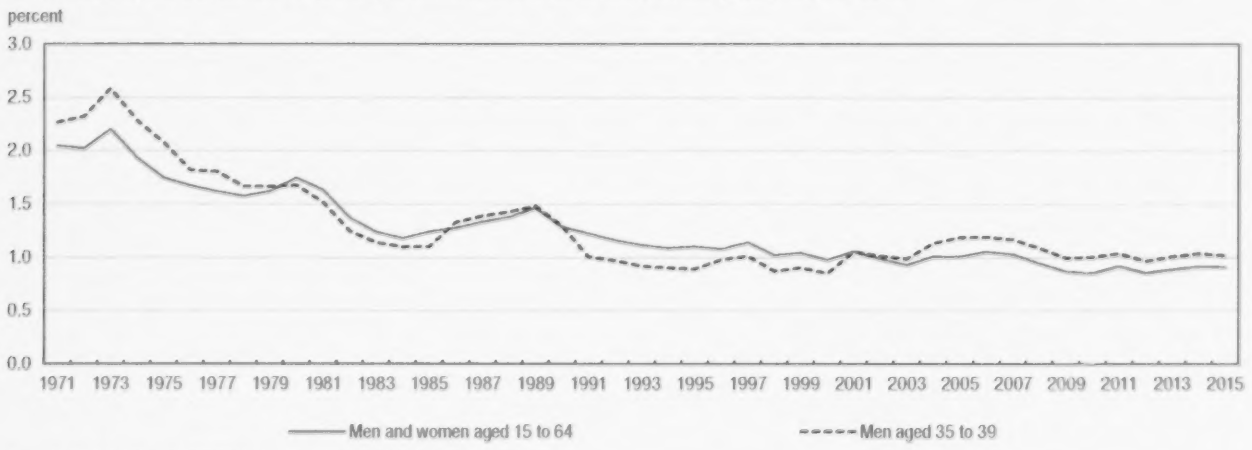
Introduction

Over the past five decades, the percentage of the working age population migrating to other provinces has fallen from roughly 2% in the early 1970s to roughly 1% in 2015 (Chart 1). Part of the drop likely reflects the growing number of older workers in the labour force—such workers are less mobile than their younger counterparts. However, the aging of the workforce cannot fully account for this trend, since interprovincial mobility has also dropped within age–gender cells. For example, men aged 35 to 39 experienced a very similar drop in interprovincial mobility during the same period (Chart 1).[1]

Because regional differences in unemployment rates are persistent (Chart 2), economists have long analyzed the factors that might inhibit or foster labour mobility in Canada (see, among others, Courchene 1970, 1984; Grant and Vanderkamp 1976; Vanderkamp 1968, 1971; Gomez and Gunderson 2007; and Day and Winer 2012) and have discussed whether labour mobility in Canada is sufficiently high.[2] It is generally accepted that spatial differences in earnings growth and employment opportunities might induce greater labour mobility from economically depressed areas to dynamic areas, while relatively generous transfer payments in high-unemployment areas might inhibit such mobility.

While economic theory has long emphasized the potential role that regional differences in employment, wages and the social safety net might play, another branch of the literature has documented a robust positive association between social capital (e.g., family, friends, community ties and neighbourhood) and well-being (Helliwell and Putnam 2004; Helliwell, Layard and Sachs 2012). If this positive association partly captures the causal impact of social capital on individuals' well being, and if labour mobility entails—at least temporarily—a disruption of one's social capital, then having a strong social network might reduce one's willingness to move to new areas. Hence, social as well as economic factors might act as barriers to labour mobility.[3]

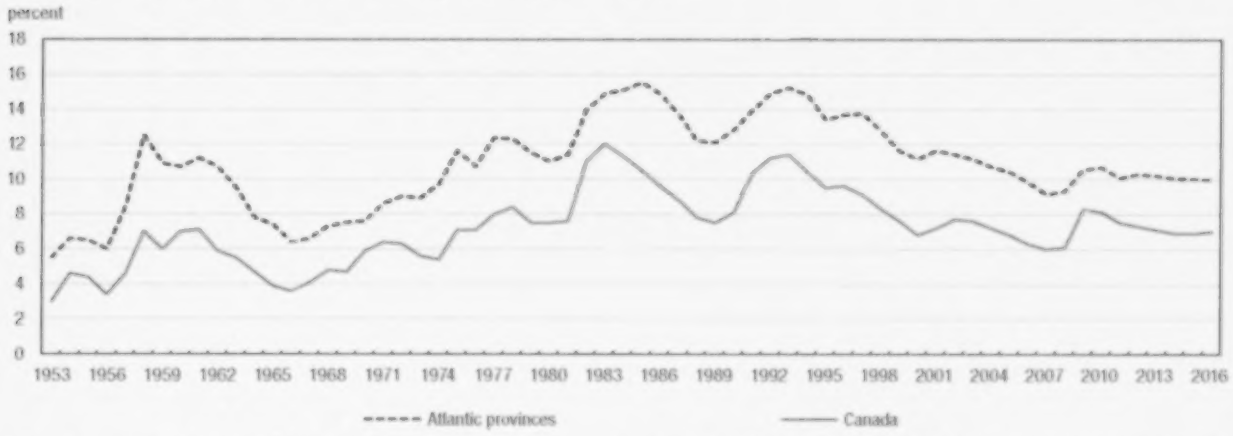
Chart 1
Percentage of the population migrating to another province in the following year, 1971 to 2015



Sources: Statistics Canada, CANSIM tables 051-0001 and 051-0012.

1. The convergence of income across provinces and the narrowing, if any, of cross-provincial differences in wages within occupations, might also have contributed to the decline in interprovincial mobility.
2. Gomez and Gunderson (2007) identify several potential barriers to interprovincial labour mobility, e.g., occupational certification and licensing, language regulations and requirements, differences in education systems, transfer payments like Employment Insurance (EI), preferential hiring and procurement practices of governments, and insufficient information on employment opportunities.
3. Economic theory generally treats the disruption of one's social network as a non-monetary cost when modelling individuals' decision to move or not.

Chart 2
Unemployment rate, Canada and the Atlantic provinces, 1953 to 2016



Note: Prior to 1976, the unemployment rate is defined relative to labour force participants aged 14 and over. From 1976 onwards, it is defined relative to labour force participants aged 15 and over.
Source: Statistics Canada, Labour Force Survey.

Despite long-standing interest from researchers and policy makers in the factors that might foster or impede mobility, relatively little data have been available to assess directly the relative importance of specific barriers. The scarcity of data on these barriers has been highlighted in recent years. In a study that sought to identify the most important knowledge gaps on interprovincial barriers to labour mobility in Canada, MacMillan and Grady (2007, p. 31) argue that "the most important knowledge gap concerns the extent of the regulatory barriers to labour mobility and their impacts and costs." More generally, there is currently little evidence on the degree to which unemployed Canadians prefer not to move to other areas because of family, friends, housing costs, difficulties having their credentials recognized in another province, or other financial reasons.

This article is a first step toward filling this knowledge gap. Using data from the 2016 General Social Survey, the study examines the degree to which unemployed Canadians report that non-recognition of credentials outside of their province, housing costs, family, friends, or financial reasons inhibit them from accepting job offers outside their province of residence or in other cities within their province of residence. For the first time in Canada, the study provides representative survey-based evidence on barriers to labour mobility collected directly from unemployed individuals.[4] The study focuses on unemployed individuals aged 15 to 64 who are not students.

Barriers to interprovincial labour mobility

Of all unemployed individuals aged 15 to 64 who were not students in 2016, about one-third (32%) reported facing no barrier to interprovincial mobility, i.e., they answered "No" to the following question (Statistics Canada n.d., LPW_Q14):

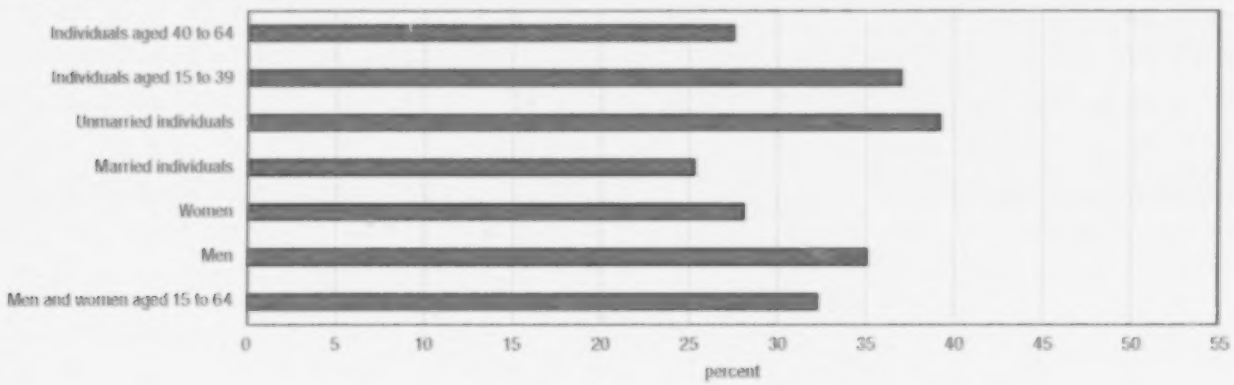
> "If you were offered a job in another province, would there be anything standing in your way of accepting that job offer?"

The remaining two-thirds reported that, for some reason,[5] they would not move to another province should they receive a job offer from employers outside their province.[6]

As expected, unemployed individuals who were under age 40 or were unmarried were more willing to accept job offers outside their province than their counterparts who were aged 40 and over or married (Chart 3). For example, 39% of unmarried individuals reported that nothing would stand in their way of accepting such job offers, whereas 25% of married individuals did so. Furthermore, men were more likely than women to report the absence of any constraint to mobility.[7]

4. The question of why unemployed workers prefer not to move is hard to tackle with conventional data and econometric methods. Asking the individuals themselves why they prefer not to move might shed light on various barriers to mobility. Likewise, economists long speculated as to why firms do not reduce nominal wages during recessions. After Bewley (1999) interviewed several employers and asked them why they refrain from doing so, economists' understanding of the drivers of nominal wage rigidity substantially improved.
5. Reasons include (a) to stay close to family and friends, (b) to take care of relatives, (c) spouse or children would not want to move, (d) moving would be too demanding, (e) housing is too expensive elsewhere, (f) moving would not be feasible for financial reasons, (g) credentials are not recognized outside the province, and (h) other (Statistics Canada n.d.). When considering these choices, respondents are asked to provide the **main** reason why they would not move.
6. Data from Wave 2 of Statistics Canada's Longitudinal and International Survey of Adults (LISA) support the notion that only a minority of unemployed individuals are willing to move to other provinces. When asked whether they would "move to another province if a suitable job were offered" (Statistics Canada 2016, LSUP_Q20), only 22% of non-student unemployed individuals aged 18 to 64 in 2014 answered "Yes" in this survey.
7. As will be shown below, part of the difference is because women more often report that they are not willing to move because their spouse or children would not want to move.

Chart 3
Percentage of unemployed individuals who report no barrier to interprovincial labour mobility



Note: Unemployed individuals aged 15 to 64 who are not students.
Source: Statistics Canada, 2016 General Social Survey.

While two-thirds of unemployed Canadians reported that they would not move to another province to take a job, one-half of unemployed Canadians said that family and social ties were the main reasons for this. More specifically, 30% said their desire to stay close to family and friends was the main reason they would not move, 13% said the main reason was that their spouse or children would not want to move, and almost 7% said the main reason was that they needed to care for a relative (Table 1-1).

Financial reasons were far less prevalent. Only 10% of all unemployed Canadians said the main reason they would not change provinces to take a job was that moving would not be feasible for financial reasons or that housing would be too expensive elsewhere.

A very small fraction (1%) reported that they would not move because their credentials would not be recognized in another province or (1%) because moving would be too demanding. About 6% reported that they would not move for other reasons.

Hence, three key findings emerge thus far. First, two-thirds of unemployed Canadians reported that they would not move if they received a job offer outside their home province. This suggests that the subset of unemployed individuals who are willing to fill job vacancies in economically dynamic provinces is, a priori, fairly limited. Second, one-half of all unemployed individuals said that social factors—the preferences of family members or the desire to stay close to family and friends—were the main reason they would not move out of their province. This highlights the importance of social ties as a determinant of a person's willingness to migrate to other provinces. Third, there is very little evidence, if any, that individuals' inability to have their credentials recognized outside their province is an empirically significant barrier to mobility.

Table 1-1 also shows that women were twice as likely as men to report that they would not move because their spouse or children would not want to move. The difference likely reflects—at least

Table 1-1
Percentage of unemployed individuals who would not move to another province, by main reason for not moving and selected groups — Part 1

Main reason for not moving to another province	Individuals aged 15 to 64	Men	Women	Individuals aged 15 to 39	Individuals aged 40 to 64	Married individuals	Unmarried individuals
				percent			
Personal reasons	**49.8**	**44.9**	**57.0**	**44.3**	**55.4**	**61.5**	**38.0**
To stay close to family and friends	30.0	28.4	32.4	32.0	28.0	30.3	29.7
To take care of relatives	6.5	7.5	5.1	2.6	10.4	7.3	5.7
My spouse or children would not want to move	13.3	9.1	19.6	9.6	17.0	23.9	2.6
Moving would be too demanding	1.3	2.0	0.3	1.2	1.4	1.6	1.0
Housing is too expensive elsewhere	1.2	1.0	1.4	1.4	1.0	0.0	2.4
Moving would not be feasible for financial reasons	8.9	10.1	7.1	10.6	7.1	4.0	13.8
My credentials are not recognized outside my province	0.6	0.8	0.4	0.0	1.2	0.3	0.9
Other	5.8	6.2	5.2	5.6	6.0	7.3	4.2
Don't know	0.2	0.0	0.6	0.0	0.5	0.0	0.5
Total	**67.7**	**64.9**	**71.9**	**63.0**	**72.5**	**74.7**	**60.8**
				number			
Sample size	660	365	295	267	393	317	343

Note: The sample consists of unemployed individuals aged 15 to 64 who are not students. Numbers may not add up to total because of rounding.
Source: Statistics Canada, 2016 General Social Survey.

in part—the fact that many women are still secondary earners in their family and therefore take their husband's employment status into account when considering job offers. As expected, unmarried individuals (some of whom are lone parents) were much less likely than married individuals to cite this factor as the main reason why they would not move. However, they were more likely than married individuals to report that moving would not be feasible for financial reasons.

Table 1-2 shows that unemployed individuals with more than a high school education reported more often (16%) than their less educated counterparts (9%) that they would not move because their spouse or children would not want to move. Unemployed individuals who experienced financial hardship[8] since looking for work reported that moving would not be feasible for financial reasons twice as often (13%) as their counterparts who did not experience such financial hardship (6%).

Overall, 36% of unemployed individuals reported that they would not accept job offers in other cities because they wanted to stay close to family and friends or to take care of relatives, or because their spouse or children would not want to move (Table 2-1).

Close to 15% responded that they would not change cities because moving would be too demanding, housing would be too expensive elsewhere, or moving would not be feasible for financial reasons. About 6% reported that they would not move for other reasons.

Thus, 57% of unemployed individuals reported that for some reason, they would not move to another city, should they receive a job offer from an employer within their province.

In general, the patterns shown in Tables 2-1 and 2-2 are very similar to those in Tables 1-1 and 1-2. Regardless of the groups

Table 1-2
Percentage of unemployed individuals who would not move to another province, by main reason for not moving and selected groups — Part 2

Main reason for not moving to another province	Individuals aged 15 to 64	Individuals with a high school diploma or less education	Individuals with more education	Individuals who looked for work for 16 weeks or less	Individuals who looked for work for more than 16 weeks	Individuals who experienced financial hardship	Individuals who did not experience financial hardship
				percent			
Personal reasons	**49.8**	**44.9**	**52.6**	**48.2**	**51.9**	**46.2**	**52.6**
To stay close to family and friends	30.0	28.2	31.0	29.8	30.2	26.2	32.9
To take care of relatives	6.5	7.5	6.0	3.8	10.0	8.7	4.8
My spouse or children would not want to move	13.3	9.2	15.6	14.5	11.7	11.3	14.8
Moving would be too demanding	1.3	0.9	1.5	1.0	1.6	1.5	1.1
Housing is too expensive elsewhere	1.2	3.2	0.0	1.0	1.5	1.1	1.3
Moving would not be feasible for financial reasons	8.9	8.5	9.1	8.4	9.5	12.5	6.0
My credentials are not recognized outside my province	0.6	0.0	0.9	0.8	0.3	0.3	0.8
Other	5.8	9.7	3.5	6.9	4.3	5.7	5.8
Don't know	0.2	0.0	0.4	0.4	0.0	0.0	0.4
Total	**67.7**	**67.2**	**68.1**	**66.7**	**69.1**	**67.3**	**68.1**
				number			
Sample size	660	256	404	380	280	280	380

Note: The sample consists of unemployed individuals aged 15 to 64 who are not students. Numbers may not add up to total because of rounding.
Source: Statistics Canada, 2016 General Social Survey.

Barriers to intraprovincial labour mobility

While about one-third of unemployed individuals reported a willingness to accept job offers from outside their home province, more than 4 out of 10 (43%) reported being willing to accept job offers in other cities within their home province.[9] As was the case for interprovincial mobility, the willingness to accept jobs in other cities was greater among men, individuals under 40 and unmarried individuals than among other individuals.

considered, between 52% and 73% of unemployed individuals who would not move to other cities reported personal reasons as the main reason, i.e., that they wished to maintain their ties with their family, friends or relatives. Once again, this highlights the fact that family and friends are important considerations.

8. Financial hardship is defined using the following question: "Since you have been looking for work have you experienced financial hardship, such as having to sell things you own, borrow money or take a loan?" (Statistics Canada n.d., LPW_Q10).
9. Data from Wave 2 of Statistics Canada's LISA indicate that 32% of non-student unemployed individuals aged 18 to 64 in 2014 reported that they would "move to another location in the province if a suitable job were offered." (Statistics Canada 2016, LSUP_Q15). Hence both the 2016 General Social Survey and LISA 2014 indicate that unemployed individuals are more willing to move within provinces than across provinces.

Table 2-1
Percentage of unemployed individuals who would not move to another city within their province, by main reason for not moving and selected groups — Part 1

Main reason for not moving to another city	Individuals aged 15 to 64	Men	Women	Individuals aged 15 to 39	Individuals aged 40 to 64	Married individuals	Unmarried individuals
				percent			
Personal reasons	**36.2**	**28.8**	**47.3**	**31.7**	**40.8**	**46.1**	**26.3**
To stay close to family and friends	20.1	17.3	24.3	20.2	20.0	22.0	18.2
To take care of relatives	4.7	4.7	4.8	2.0	7.5	4.1	5.4
My spouse or children would not want to move	11.4	6.8	18.2	9.5	13.3	20.1	2.7
Moving would be too demanding	1.7	1.8	1.5	2.2	1.1	1.7	1.6
Housing is too expensive elsewhere	1.8	0.8	3.3	1.9	1.7	1.1	2.6
Moving would not be feasible for financial reasons	11.1	10.8	11.5	12.1	10.0	6.3	15.8
Other	6.1	7.3	4.3	4.7	7.5	8.3	4.0
Total	**56.9**	**49.5**	**67.9**	**52.7**	**61.2**	**63.5**	**50.3**
				number			
Sample size	660	365	295	267	393	317	343

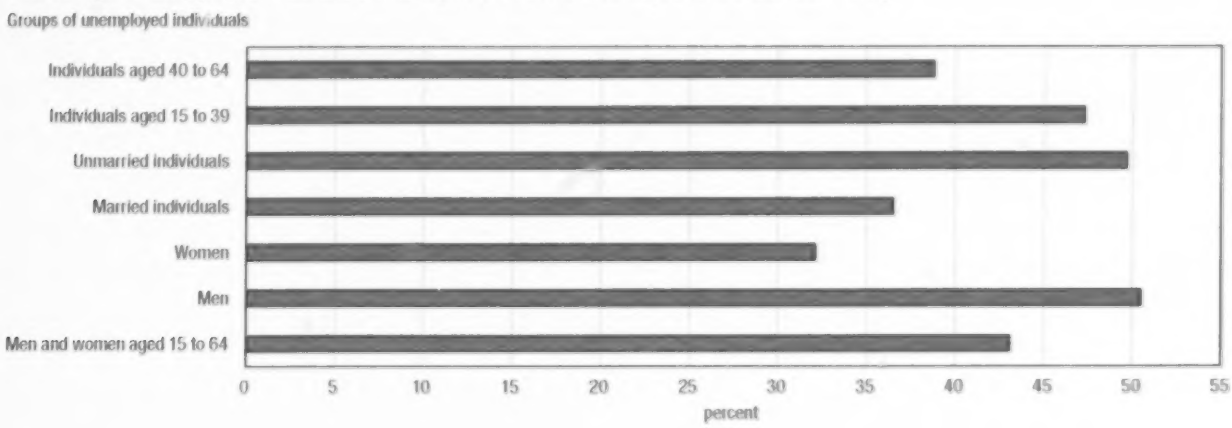
Note: The sample consists of unemployed individuals aged 15 to 64 who are not students. Numbers may not add up to total because of rounding.
Source: Statistics Canada, 2016 General Social Survey.

Table 2-2
Percentage of unemployed individuals who would not move to another city within their province, by main reason for not moving and selected groups — Part 2

Main reason for not moving to another city	Individuals aged 15 to 64	Individuals with a high school diploma or less education	Individuals with more education	Individuals who looked for work for 16 weeks or less	Individuals who looked for work for more than 16 weeks	Individuals who experienced financial hardship	Individuals who did not experience financial hardship
				percent			
Personal reasons	**36.2**	**31.6**	**38.8**	**34.6**	**38.3**	**31.1**	**40.2**
To stay close to family and friends	20.1	19.0	20.7	19.7	20.6	16.1	23.2
To take care of relatives	4.7	3.9	5.2	3.0	6.9	5.1	4.4
My spouse or children would not want to move	11.4	8.8	12.9	11.9	10.8	9.9	12.6
Moving would be too demanding	1.7	2.2	1.4	2.1	1.2	1.5	1.8
Housing is too expensive elsewhere	1.8	3.5	0.9	1.5	2.3	2.0	1.7
Moving would not be feasible for financial reasons	11.1	9.4	12.0	11.0	11.1	14.1	8.7
Other	6.1	7.9	5.1	6.9	5.2	7.0	5.4
Total	**56.9**	**54.6**	**58.2**	**56.1**	**58.0**	**55.7**	**57.9**
				number			
Sample size	660	256	404	380	280	280	380

Note: The sample consists of unemployed individuals aged 15 to 64 who are not students. Numbers may not add up to total because of rounding.
Source: Statistics Canada, 2016 General Social Survey.

Chart 4
Percentage of unemployed individuals who report no barrier to intraprovincial labour mobility



Note: Unemployed individuals aged 15 to 64 who are not students.
Source: Statistics Canada, 2016 General Social Survey.

Conclusion

Despite a long-standing interest in labour mobility among researchers and policy makers, relatively little has been known about the barriers impeding the mobility of unemployed Canadians. Using data from the 2016 General Social Survey, this study informs this discussion.

The results indicate that, if they were offered jobs in other provinces or elsewhere within their home province, the majority of unemployed Canadians would not accept such job offers. The main reasons are the desire or need to stay close to family and friends, to provide care to relatives, or to take into account the opinion of one's spouse and children. Hence, family considerations play an important role in individuals' willingness (or lack thereof) to move to other areas to find employment. In contrast, very few reported that recognition of credentials outside their province limits their interprovincial mobility.

A few limitations must be noted. First, the data used in this study measure the responses of unemployed Canadians and are therefore not informative about the barriers to mobility faced by Canadians who are currently employed. Second, the answers provided by respondents are the product of both their economic environment and their social environment. For instance, if long term unemployment were to reach fairly high levels in some areas, it is conceivable that some of the unemployed individuals in these areas might revise upwards their reported willingness to accept job offers elsewhere. In light of this, the responses provided in the survey are best viewed as being conditional on current economic, institutional and social parameters.

Nonetheless, the data shed new light on an important issue. Specifically, they highlight the complementarity between studies based on conventional econometric methods and studies that ask individuals why they would not move to take a job elsewhere. While studies based on conventional econometric methods may allow an assessment of the causal impact of various factors that foster or impede mobility (e.g., the causal impact of regional wage differences on mobility), they are not well suited for uncovering the motivations underlying individuals' willingness to move. Social networks are a strong determinant of individual well-being. Given that labour mobility entails a disruption of such networks, incorporating the link between social ties and well being into discussions of labour market flexibility and labour mobility might be a useful exercise.

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